# Managing Business Risks using ESG – Environmental Social and Governance Factors

Special topics in Management - MS 492-II

## Instructor

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## Lecture hours and location

Tuesday N1 and Wednesday P1 5:00 PM to 6:20 PM – mostly online

Session link: https://meet.google.com/vwr-sgyx-oyo

## Overview

**What is ESG:** ESG stands for Environmental, Social, and Governance. Specifically, these are three central factors used to measure the sustainability and societal impact of an investment in a company or business. These criteria assist in determining the future financial performance of companies, their growth, especially in terms of returns, opportunities and risk. When businesses are assessed, not just for their potential returns but also for their long-term impact on society, the environment, and the governance practices of their issuers, we witness the true essence of ESG.

There is an undeniable momentum building around ESG training. A deep dive into recent trends unveils a remarkable trajectory. Investments in Environmental, Social, and Governance (ESG)-focused Exchange-Traded Funds (ETFs) surged from $5 billion in 2006 to an impressive $403 billion by 2023.

## How Can ESG Enhance Career Opportunities?

- Professionals with ESG credentials find themselves in promising positions. From sustainability heads to responsible investment managers, the spectrum of roles is diverse and perpetually expanding. India saw a 433% increase in ESG and sustainability related jobs in 2023.
- An expertise in ESG often translates to a bigger paycheck. After all, unique skills tend to come with unique compensation perks.

## Course DEsign

I am a pioneer of institutional ESG education, offering the first academic ESG course of India at IITGN in 2021. This is a hands-on, immersive and experiential course designed to help you learn the ESG

factors that companies integrate for strategic business advantage, and how ESG is used in investment decision making.

## Learning Outcomes

1. Learn components of environmental, social and governance issues and concepts like double materiality, circular economy, net zero strategy, just energy transition, carbon markets business operations and management through international frameworks, Scope 1,2 & 3 assessments
2. Learn global ESG frameworks and reporting standards – GRI, IFRS, CSRD, BRSR

## Evaluation

| Task | Weightage |
|---|---|
| Guest Lectures and Certification Completion | 10% |
| Group Project with a company | 90% |

## Preparation

Course is primarily based on the IFC performance standards 2012 - https://www.ifc.org/content/dam/ifc/doc/2010/2012-ifc-performance-standards-en.pdf

## Course Outline

| Session | Topic | Readings |
|---|---|---|
| Lecture 1 | Introduction to ESG, course expectations | |
| Lecture 2 | Environmental Factors + completion of online certificate | IFC Performance Standard 2012 2,3,4 and Guidance Notes |
| Lecture 3 | Social Factors | IFC Performance Standard 20125,6,7,8 and Guidance Notes |
| Lecture 4 | Governance Factors, Stakeholder Management and Materiality Assessment | https://www.edie.net/edie-explains-materiality-assessments/ |
| Lecture 5 | Implementing ESG in a company | IFC Performance Standard 1 and Guidance Notes |
| Lecture 6 | Reporting Frameworks | GRI, IFRS 1 and 2, BRSR |
| Lecture 7 | ESG Ratings and Assurance | MSCI, Sustainalytics, DJSI |
| Lecture 8 | Calculating GHG emissions | GHG Protocol |
| Lecture 9 | Implementing Net Zero Strategy in a company | Science Based Target Initiative |
| Lecture 10 | Circular economy and business innovation | |
| Lecture 11 | Carbon markets – certifications, trading and emissions offset | |
| Lecture 12 | Just energy transition | |
| Lecture 13 & 14 | Project Presentations | |
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